

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Newfield Township	County Oceana
Audit Date 3/31/04	Opinion Date 9/30/04	Date Accountant Report Submitted to State: 9/30/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Accounting System for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Nicholas D. Lahr CPA			
Street Address 198 N. Michigan		City Shelby	State Mi
Accountant Signature 		ZIP 49455	Date 9/30/04

NEWFIELD TOWNSHIP
OCEANA COUNTY, HESPERIA, MICHIGAN
AUDIT REPORT
For Year Ended March 31, 2004

NICHOLAS D. LAHR
Certified Public Accountant
198 North Michigan Ave
Shelby, MI 49455

Newfield Township
Township Board
March 31, 2004

Supervisor	Robert Forbes
Clerk	Edward Kolbe Jr
Treasurer	Linda Bancroft
Trustee	Gale Eitnier
Trustee	Alan Daniels

NEWFIELD TOWNSHIP
Oceana County, Hesperia, Michigan

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N I C H O L A S D. L A H R

CERTIFIED PUBLIC ACCOUNTANT

MEMBER
Michigan Association of
Certified Public Accountants
American Institute of
Certified Public Accountants

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Shelby, MI 49455
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September 28, 2004

Local Audit and Finance Division
Michigan Department of Treasury
430 West Allegan 4th Floor
Lansing Michigan 48922

Re: Newfield Township, Oceana County
Audit as of March 31, 2004

Dear Sir:

This report on auditing procedures is written pursuant to Section 7 (2) of the Public Act 2, P.A. of 1968, as amended. We have made an examination of the financial statements of the above-mentioned local unit of government. Our opinion, dated September 28, 2004, with respect to these statements is included in our accountant's report submitted to you under date of September 28, 2004.

In connection with the foregoing examination, we have complied with the minimum requirements as outlined in your publication, "Bulletin for the Audits of Local Units of Government in Michigan" (BUGSLUG), as revised.

In accordance with the provisions of P.A. 275 of 1980, as amended, there are no accumulated deficits in the various fund balances of the above local unit, other than as disclosed in the financial statements including the notes thereto. In addition, we found no substantive instances of noncompliance with the provisions of P.A. 2 of 1968 (the Uniform Accounting and Budgeting Act) as amended, other than as disclosed in the financial statements including the notes thereto, or as described in the report of comments and recommendations as prescribed by the reporting guidelines for instances of noncompliance included in Appendix B of the BUFALUG manual.

I hereby state and affirm that I am a certified public accountant registered to practice in the State of Michigan and an independent insofar as that term is defined in our profession.

We did not issue a report of comments and recommendations.

In our accountant's report for the above-mentioned period, we have expressed a qualified opinion. The Township budgets its property taxes in the year of collection versus year of levy.

In the last previous accountant's report for the local unit, which covered the period April 1, 2002 to March 31, 2003, a qualified opinion was expressed.

Respectfully submitted

Nicholas D. Lahr
Certified Public Accountant

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September 28, 2004

Board of Directors
Newfield Township
Oceana County
Hesperia, MI 49421

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general purpose financial statements for the Newfield Township, Oceana County; as of and for the year ended March 31, 2004; as listed in the table of contents. These financial statements are the responsibility of the township board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Newfield Township, Oceana County as of March 31, 2004; and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements as a whole. The supplementary information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the general purpose financial statements of Newfield Township, Oceana County, as of and for the year ended March 31, 2004. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements as a whole.

Respectfully submitted,

Nicholas D. Lahr
Certified Public Accountant

Newfield Township
Combined Balance Sheet
All Fund Types and Account Groups
March 31, 2004

Exhibit A

	Governmental Fund Types		Fiduciary Fund Types
	General Fund Balance	Special Revenue Fund	Trust & Agency Fund
ASSETS			
Cash and Cash Equivalents (Note 2)	\$ 150,462		\$ 5,968
Taxes Receivable (Note 3)	14,798		
Land, Buildings and Equipment (Note 4a)			
Amount to be Provided for Long Term Debt (Note 4b)			
TOTAL ASSETS	<u>\$165,260</u>	<u>\$0</u>	<u>\$5,968</u>
LIABILITIES AND EQUITY			
Liabilities			
Taxes Payable	6,910		
Note Payable	9,370		
Total Liabilities	<u>16,280</u>	<u>-</u>	
Fund Equity			
Investment in Fixed Assets			
Fund Balance			
Reserved			5,968
Unreserved	148,980	-	
Total Fund Equity	<u>148,980</u>	<u>-</u>	<u>5,968</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$165,260</u>	<u>\$0</u>	<u>\$5,968</u>

The Notes to the Financial Statements are an integral part of this statement

Exhibit A

Account Groups

<u>Fixed Assets</u>	<u>Total (Memo Only)</u>
	\$156,431
	14,798
250,844	250,844
	-
<u>\$250,844</u>	<u>\$422,072</u>
	9,370
	16,280
250,844	250,844
	-
	5,968
	148,980
<u>250,844</u>	<u>405,792</u>
<u>\$250,844</u>	<u>\$422,072</u>

The Notes to the Financial Statements are an integral part of this statement

Newfield Township
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Government Funds
For Year Ended March 31, 2004

Exhibit B

	General Fund Balance
REVENUES	
Taxes	\$105,943
State Revenue Sharing	137,735
Interest	2,327
Other Revenue	12,543
TOTAL REVENUES	\$ 258,548
EXPENSES	
Legislative	
Township Board	12,372
General Government	0
Supervisor	8,336
Elections	262
Assesor	14,956
Clerk	10,606
Treasurer	22,975
Board of Review	497
Zoning	6,336
Public Saftey	0
Fire Protection	42,802
Public Works	0
Cemetary	13,546
Road Improvements	112,657
Township Hall and Grounds	10,412
Parks and Recreation	67
Street Lighting	1,111
TOTAL EXPENDITURES	\$ 256,934
Excess (Deficiency) of Revenues	
Over Expenditures	1,613
Other Financial Sources (uses)	
Reduction of Debt	(2,865)
Increase to Fixed Assets	(19,000)
Excess of Revenues and Other Sources	
Over Expenditures and Other Uses	(20,251)
Fund Balance March 31, 2003	169,231
Fund Balance March 31, 2004	\$ 148,980

The Notes to the Financial Statements are an integral part of this Statement

Newfield Township
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual – General Fund
For Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Exhibit C</u> Variance Over/Under
REVENUES			
Taxes	\$ 105,910	\$ 105,943	\$ 33
State Revenue Sharing	150,000	137,735	(12,265)
Interest	300	2,327	2,027
Other Revenue	16,290	12,543	(3,747)
TOTAL REVENUES	\$ 272,500	\$ 258,548	\$ (13,952)
EXPENSES			
Legislative			
Township Board	12,600	12,372	(228)
General Government			
Supervisor	8,400	8,336	(64)
Elections	1,000	262	(738)
Assesor	17,500	14,956	(2,544)
Clerk	11,000	10,606	(394)
Treasurer	23,000	22,975	(25)
Board of Review	1,500	497	(1,003)
Zoning	8,900	6,336	(2,564)
Unallocated	292	0	(292)
Public Safety			
Fire Protection	42,808	42,802	(6)
Public Works			
Cemetary	17,500	13,546	(3,954)
Road Improvements	113,000	112,657	(343)
Township Hall and Grounds	13,500	10,412	(3,088)
Parks and Recreation	100	67	(33)
Street Lighting	1,400	1,111	(289)
TOTAL EXPENDITURES	\$ 272,500	\$ 256,934	\$ (15,566)
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ -</u>	\$ 1,613	<u>\$ 1,613</u>
Other Financial Sources (uses)			
Reduction of Debt		(2,865)	
Increase to Fixed Assets		<u>(19,000)</u>	
Excess of Revenues and Other Sources			
Over Expenditures and Other Uses		(20,251)	
Fund Balance March 31, 2003		<u>169,231</u>	
Fund Balance March 31, 2004		<u><u>\$ 148,980</u></u>	

The Notes to the Financial Statements are an integral part of this statement

Newfield Township
Notes to Financial Statements
March 31, 2004

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The entity is organized as a township under the Auspices of Public Acts 33 and 57 of 1951. The purpose of the organization is to provide government for Newfield Township. The Township is governed by a Board whose membership is comprised of a supervisor, clerk, treasurer and trustees elected by general election in the township.

The financial statements of the township include those of separately administered organizations that are controlled by or dependent on the township. The criteria for including organizations within the township's reporting entity, as set forth in GASB No. 14, "The Reporting Entity", is financial accountability. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the governing boards. Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund - This fund is used to account for all financial transactions not accounted for in another fund, including general operating expenditures of the local unit. Revenues are derived primarily from inter-governmental revenues.

Special Revenue Fund – This fund is used to account for specific government revenues requiring separate accounting because of legal or regulatory provisions or administrative actions.

Fiduciary Fund - These funds are used to account for assets held in trust or as an agent for others

Account Groups

Fixed Asset Group – This account group presents the fixed assets of the local unit, utilized in it's general operations (non- propriety fund fixed assets).

C. Basis of Accounting

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized when received in cash except for those susceptible to accrual, which are recorded as receivable when measurable and as revenue when available to finance current

Newfield Township
Notes to the Financial Statements
March 31, 2004

Notes 1 - Summary of Significant Accounting Policies - continued

operations. Significant revenues susceptible to accrual include property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, and operating transfers. Expenditures are recorded when the liability is paid, except for interest on long-term debt which is recorded when incurred.

D. Budgets

As mandated by PA 621 of 1978, all township funds are required to be under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the township board.

PA 621 of 1978 Section 18 (1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. Expenditure overages occurred the following activities: None.

In the body of the financial statements, the township's actual expenditures and budgeted funds have been shown on a functional basis. The approved budgets of the Township of these budgetary funds were adopted at the activity level.

The budget is prepared by the township Treasurer, together with the Township Clerk. The budget is then presented to the township Board for approval.

Note 2 - Deposits With Financial Institutions

A. Legal or Contractual Provisions for Deposits and Investments

The Michigan Political Subdivision Act No. 20, Public Acts of 1943, as amended by Act No. 217, Public Acts of 1982, states the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- 1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States
- 2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, which is a member of the Federal Deposit Insurance Corporation; or a savings and loan association, which is a member of the Federal Savings and Loan Insurance Corporation; or a credit union, which is insured by the National Credit Union Administration; but only if the bank, savings and loan association, or credit union complies with Subsection (2) of the above mentioned Acts.

Newfield Township
Notes to the Financial Statement
March 31, 2004

Note 2 - Deposits with Financial Institutions - continued

The account balance for Newfield Township in Shelby State Bank is:

General Funds #51797	\$ 23,890
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The account balances for Newfield Township in National City Bank are:

Cemetery Fund CDs	\$ 5,968
Total National City Bank Balance	\$ 5,968

The account balances for Newfield Township in Shelby State Bank are:

General Fund CDs	\$ 30,000
Total Shelby State Bank	\$ 30,000

- 3) In commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standards rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of the funds may be invested in commercial paper at any time.
- 4) In United States government or federal agency obligation repurchase agreements.

Note 3 Property Taxes

The township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year and are due before February 14.

The Township uses December 1 as its levy date and December 31 as its lien date. The Township has a taxable value of \$44,352,767. The Township collects taxes for the following school districts:

	Homestead <u>Millage</u>	Non-Homestead <u>Millage</u>
Hesperia	45.9076	63.8816
Shelby	27.4160	45.1600

Note 4 - Detail Notes on All Fund and Account Groups

A. Fixed Asset Group

General Fixed Assets have been acquired for general Township purposes and at the time of purchase was recorded as expenditures. The assets have been capitalized in a General Fixed Asset Group of Accounts. Listed below is a summary of the General Fixed Assets for the year ended March 31, 2004.

Newfield Township
Notes to the Financial Statement
March 31, 2004

Note 4 - Detail Notes on All Fund and Account Groups - continued

	April 1, 2003 Balance	Additions	Deletions	March 31, 2004 Balance
Land & Improvements	15,634.00			15,634.00
Buildings	60,311.00			60,311.00
Equipment	55,899.00	19,000.00		74,899.00
Oxbow Park	100,000.00			100,000.00
Total Fixed Assets	231,844.00	19,000.00	-	250,844.00

B. Post-Employment Benefit Plans

The township has no defined pension or post-employment benefit plan as of March 31, 2004.

C. Accumulated Unpaid Employees Benefits

The township had no Accumulated Unpaid Employee Benefits at March 31, 2004.

D. Risk Financing and Related Insurance

The township participates in a public official bond plan provided by Michigan Township Participating Plan, and a workman compensation plan provided by the Accident Fund of Michigan. As of March 31, 2004 there were no known claims against the Township.

E. Deferred Compensation

The Township had no Deferred Compensation liability as of March 31, 2004.